



**NATIONAL CENTER FOR RESEARCH IN ADVANCED
INFORMATION AND DIGITAL TECHNOLOGIES**

FINANCIAL STATEMENTS

DECEMBER 31, 2017

**NATIONAL CENTER FOR RESEARCH IN ADVANCED INFORMATION
AND DIGITAL TECHNOLOGIES**

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DECEMBER 31, 2017**

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Independent Auditors' Report

Board of Directors
National Center for Research in Advanced
Information and Digital Technologies

We have audited the accompanying financial statements of National Center for Research in Advanced Information and Digital Technologies (the Organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Board of Directors
National Center for Research in Advanced
Information and Digital Technologies

Report on Summarized Comparative Information

We have previously audited the Organization's 2016 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated August 7, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Councilor, Buchanan + Mitchell, P.C.

Washington, D.C.
June 21, 2018

Certified Public Accountants

**NATIONAL CENTER FOR RESEARCH IN ADVANCED INFORMATION
AND DIGITAL TECHNOLOGIES**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016)

	2017	2016
Assets		
Cash and Cash Equivalents	\$ 7,880,598	\$ 10,271,352
Investments	6,916,418	-
Accounts Receivable (Net of Allowance for Doubtful Accounts of Approximately \$12,000 in 2017)	338,646	186,564
Contributions Receivable (Net of Allowance for Uncollectible Contributions of Approximately \$76,000 and \$21,000 in 2017 and 2016, Respectively)	218,750	181,250
Unbilled Receivables	303,710	82,689
Grants Receivable	683,300	1,932,000
Federal Awards Receivable	23,097	-
Due from Digital Promise Global	392,473	272,757
Prepaid Expenses and Other Assets	85,797	89,162
Fixed Assets, Net	491,805	409,819
Total Assets	\$ 17,334,594	\$ 13,425,593
Liabilities and Net Assets		
Liabilities		
Accounts Payable	\$ 954,641	\$ 82,647
Accrued Expenses	189,806	145,402
Due to Digital Promise Global	56,246	-
Deferred Rent	5,957	14,068
Deferred Revenue	7,575,392	6,360,421
Total Liabilities	8,782,042	6,602,538
Net Assets		
Unrestricted	2,127,429	1,403,509
Unrestricted, Board Designated	236,381	155,946
Total Unrestricted Net Assets	2,363,810	1,559,455
Temporarily Restricted	6,188,742	5,263,600
Total Net Assets	8,552,552	6,823,055
Total Liabilities and Net Assets	\$ 17,334,594	\$ 13,425,593

See accompanying Notes to Financial Statements.

**NATIONAL CENTER FOR RESEARCH IN ADVANCED INFORMATION
AND DIGITAL TECHNOLOGIES**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016)**

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
Revenues and Support				
Contributions	\$ 641,531	\$ 295,000	\$ 936,531	\$ 900,750
Federal Award Income	274,676	-	274,676	-
Grant Revenue	9,352,992	8,811,000	18,163,992	9,580,836
In-Kind Contributions	30,042,554	-	30,042,554	22,595,010
Educational Services Income	1,239,723	-	1,239,723	778,374
Investment and Other Income	95,431	-	95,431	48,502
Net Assets Released from Restrictions	8,180,858	(8,180,858)	-	-
Total Revenues and Support	49,827,765	925,142	50,752,907	33,903,472
Expenses				
Program Services	47,757,141	-	47,757,141	31,777,249
Supporting Services				
General and Administrative	1,213,157	-	1,213,157	745,207
Fundraising	53,112	-	53,112	154,910
Total Supporting Services	1,266,269	-	1,266,269	900,117
Total Expenses	49,023,410	-	49,023,410	32,677,366
Change in Net Assets	804,355	925,142	1,729,497	1,226,106
Net Assets, Beginning of Year	1,559,455	5,263,600	6,823,055	5,596,949
Net Assets, End of Year	\$ 2,363,810	\$ 6,188,742	\$ 8,552,552	\$ 6,823,055

See accompanying Notes to Financial Statements.

**NATIONAL CENTER FOR RESEARCH IN ADVANCED INFORMATION
AND DIGITAL TECHNOLOGIES**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016)**

	League of Innovative Schools	Adult Learning	VILS	XQ Super School Project	Maker Learning	Research and Markets	Educator Micro - credentials	Education Innovation Clusters	United 2 Read	General Programs	Educational Services	Total Programs Services	General and Administrative	Fundraising	2017 Total	2016 Total
Salaries	\$ 327,050	\$ 130,109	\$ 1,195,797	\$ 124,344	\$ 208,313	\$ 873,108	\$ 514,522	\$ 215,298	\$ 12,570	\$ 235,345	\$ 231,715	\$ 4,068,171	\$ 314,825	\$ 39,897	\$ 4,422,893	\$ 3,355,583
Payroll Taxes and Benefits	60,512	24,118	225,889	23,013	47,601	159,066	97,609	39,588	2,290	44,105	57,391	781,182	81,762	7,200	870,144	741,881
Consultants	51,251	35,560	1,470,995	90,602	102,857	584,836	300,023	23,508	-	94,509	99,110	2,853,251	17,046	1,288	2,871,585	1,845,144
Equipment Expense	-	-	29,471,970	-	-	-	-	-	-	-	-	29,471,970	-	-	29,471,970	22,114,472
Web and Media	-	6,000	2,600	-	-	8,550	55,325	2,250	-	1,741	270	76,736	-	-	76,736	27,775
Legal and Professional Fees	-	-	-	-	-	-	-	-	-	368,107	-	368,107	175,615	-	543,722	480,208
Site Payments	-	-	1,515,000	2,000,000	323,075	1,945,975	-	69,550	-	-	100	5,853,700	-	-	5,853,700	1,230,600
Staff Travel	58,922	29,415	230,705	10,316	45,029	64,292	48,382	25,823	1,218	38,470	45,661	598,233	4,037	1,244	603,514	711,817
Travel Stipends	58,608	2,500	78,868	4,415	26,229	100,024	13,331	44,099	-	600	26,907	355,581	904	-	356,485	256,210
Convening Costs - Biannual League	168,502	-	-	-	-	-	-	-	-	-	-	168,502	366	-	168,868	137,082
Other In-Person Convenings	14,884	-	144,770	333	15,746	287,210	85,758	31,257	-	2,337	708	583,003	16,987	-	599,990	249,146
Production/Dissemination	17,126	11,170	26,661	1,000	51,883	128,431	129,136	29,675	2,647	18,915	21,982	438,626	133	-	438,759	-
Accounting Services	-	-	-	-	-	-	-	-	-	-	-	-	51,580	-	51,580	64,918
Miscellaneous	55	-	45	-	-	-	-	-	-	-	-	100	6,646	-	6,746	-
Dues and Subscriptions	314	820	2,047	89	-	14,490	-	-	-	585	459	18,804	7,651	-	26,455	13,467
Office Supplies	1,215	138	39,757	332	3,503	709	1,089	637	-	7	625	48,012	17,084	-	65,096	29,039
Taxes and Licenses	-	-	-	-	-	-	-	-	-	-	-	-	615	-	615	598
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	14,675	-	14,675	12,090
Bad Debt Expense	-	-	-	-	-	-	-	-	-	-	-	-	315,000	-	315,000	70,000
Postage, Delivery, and Shipping	-	-	1,531	-	912	1,259	36	584	-	4	78	4,404	4,651	-	9,055	4,691
Internet and Telephone	-	-	-	-	-	-	-	-	-	-	70	70	7,953	-	8,023	5,905
Non-Capital Office Equipment	-	-	603,855	-	1,712	256,384	516	70	-	2,092	760	865,389	52,125	-	917,514	855,148
Recruiting Costs	-	-	-	-	-	-	-	-	-	430	-	430	65,960	-	66,390	18,882
Online Administrative Tools	1,464	304	38,849	75	982	15,200	6,502	20	-	7,563	739	71,698	27,331	-	99,029	67,306
Registration Fees	745	3,280	865	575	815	6,293	1,722	615	-	7,445	2,000	24,355	2,734	-	27,089	18,782
Grant Expense	-	-	-	-	-	500,000	-	-	-	-	-	500,000	-	-	500,000	-
Sub-Award	-	-	-	-	-	-	-	-	251,578	-	-	251,578	-	-	251,578	-
Unallowable Costs	-	-	-	-	-	-	-	-	192	-	-	192	-	-	192	-
Office Rent	13,782	5,483	50,391	5,240	8,778	36,793	21,682	9,073	530	9,917	9,764	171,433	13,267	1,682	186,382	189,324
Depreciation Expense	14,761	5,872	53,972	5,612	9,402	39,408	23,223	9,717	567	10,622	10,458	183,614	14,210	1,801	199,625	177,298
Total Expenses	\$ 789,191	\$ 254,769	\$ 35,154,567	\$ 2,265,946	\$ 846,837	\$ 5,022,028	\$ 1,298,856	\$ 501,764	\$ 271,592	\$ 842,794	\$ 508,797	\$ 47,757,141	\$ 1,213,157	\$ 53,112	\$ 49,023,410	\$ 32,677,366

See accompanying Notes to Financial Statements.

**NATIONAL CENTER FOR RESEARCH IN ADVANCED INFORMATION
AND DIGITAL TECHNOLOGIES**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016)**

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 1,729,497	\$ 1,226,106
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	199,625	177,298
Gain on Investments	(92,682)	-
Change in Operating Assets and Liabilities		
(Increase) Decrease in		
Accounts Receivable	(152,082)	(20,050)
Contributions Receivable	(37,500)	7,500
Unbilled Receivables	(221,021)	(82,689)
Grants Receivable	1,248,700	(318,483)
Federal Awards Receivable	(23,097)	-
Due from/to Digital Promise Global	(63,470)	(188,308)
Prepaid Expenses and Other Assets	3,365	(34,357)
Increase (Decrease) in		
Accounts Payable	871,994	(145,562)
Accrued Expenses	44,404	80,352
Deferred Rent	(8,111)	(5,425)
Deferred Revenue	1,214,971	4,495,977
Net Cash Provided by Operating Activities	<u>4,714,593</u>	<u>5,192,359</u>
Cash Flows from Investing Activities		
Proceeds from Sales of Investments	35,383,729	-
Purchases of Investments	(42,207,465)	-
Purchases of Fixed Assets	(281,611)	(118,024)
Net Cash Used in Investing Activities	<u>(7,105,347)</u>	<u>(118,024)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	<u>(2,390,754)</u>	<u>5,074,335</u>
Cash and Cash Equivalents, Beginning of Year	<u>10,271,352</u>	<u>5,197,017</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 7,880,598</u></u>	<u><u>\$ 10,271,352</u></u>

See accompanying Notes to Financial Statements.

NATIONAL CENTER FOR RESEARCH IN ADVANCED INFORMATION
AND DIGITAL TECHNOLOGIES

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. ORGANIZATION

The National Center for Research in Advanced Information and Digital Technologies (the Organization) was incorporated in April 2011 in the District of Columbia. The Organization is a bipartisan independent nonprofit corporation authorized by Congress to support a comprehensive research and development program to harness the increasing capacity of advanced information and digital technologies to improve all levels of learning and education, formal and informal, in order to provide Americans with the knowledge and skills needed to compete in the global economy.

The Organization's activities are funded primarily through grants and contributions. The Organization's major programs are:

League of Innovative Schools: national network of the nation's most forward leaders of the nation's leading school districts.

Adult Learning: working to improve digital learning technologies that address the unique needs of underserved adult learners in the United States.

Verizon Innovative Learning Schools (VILS): partnership with Verizon and middle schools across the country to provide 1:1 technology and 24/7 access for educators and students.

XQ Super School Project: Digital Promise acts as a fiscal sponsor for Vista High School where it is re-thinking and re-imagining high school.

Maker Learning: hands-on, creative, and design-centered learning to facilitate student voice and choice.

Research and Markets: helps researchers, education leaders, and technology developers to better understand how people learn and how they can create educational learning environments that will improve learning outcomes.

Educator Micro-credentials: Digital Promise has built an ecosystem of micro-credentials in partnership with issuers, earners, and recognizers, to personalize learning for educators.

Education Innovation Clusters (EIC): local communities of practice that bring together educators, entrepreneurs, funders, researchers, and other community stakeholders to support innovative teaching and learning in their region.

United2Read: a federal award from the Department of Education. Digital Promise, along with project partners Learning Ovations, University of California-Irvine, and MDRC, is working to improve literacy skills and close the achievement gap.

General Programs: beyond specific initiatives, the Organization works to accelerate the pace of innovation and broadly share stories of excellence in the American education system.

Educational Services: the Organization provides fee-for-service work in the areas of leadership, coaching, development, professional learning, storytelling, and other areas.

NATIONAL CENTER FOR RESEARCH IN ADVANCED INFORMATION
AND DIGITAL TECHNOLOGIES

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

Cash and Cash Equivalents

The Organization considers demand deposits, money market funds, and investments with an original maturity of three months or less, when purchased, to be cash and cash equivalents.

Investments

Investments consist of short-term brokered certificates of deposit, carried at fair market value based on broker quotes using readily available pricing sources for comparable investments.

Accounts Receivable

Accounts receivable consists of amounts due for professional services that have not been collected as of year-end. Allowances are established for receivables that are delinquent and considered uncollectible by management based on periodic reviews.

Contributions Receivable

Unconditional promises to give that have not been collected as of year-end are recorded as contributions receivable in the accompanying statement of financial position. All contributions receivable are expected to be collected in less than one year and are reported at net realizable value. Allowances are established for receivables that are delinquent and considered uncollectible by management based on periodic reviews.

Grants Receivable

Grants receivable are due in less than one year and are recorded at their net realizable value. Reserves are established for receivables that are delinquent and considered uncollectible based on periodic reviews by management. At December 31, 2017, all grants receivable are assumed to be collectible; therefore, no allowance for doubtful accounts is deemed necessary.

Fixed Assets

The Organization capitalizes all fixed asset acquisitions of \$5,000 and above. Fixed assets are stated at cost and are depreciated using the straight-line method over estimated useful lives of three to five years, with no salvage value. Direct costs incurred during the application stage of the development of the Organization's website are capitalized and amortized over the estimated useful life of three years. Maintenance and repairs, including planned major maintenance activities, are charged to expense when incurred; major renewals and betterments are capitalized. Donated fixed assets are recorded at fair market value at the date of donation.

NATIONAL CENTER FOR RESEARCH IN ADVANCED INFORMATION
AND DIGITAL TECHNOLOGIES

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Deferred Revenue

Amounts received under agreements for work to be performed after year end have been accounted for as deferred revenue.

In-Kind Contributions

Donated materials, services and use of facilities are recorded at fair value when an unconditional commitment is received and are recognized as in-kind contributions as revenue and expense in the accompanying financial statements. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of such services is recorded based on the estimated fair value of services provided and is classified as in-kind contributions revenue and expense applicable to programs and supporting services that are directly benefited.

Revenue Recognition

The Organization reports contributions and grants as unrestricted and available for general operations, unless specifically restricted by the donor. If such contributions and grants are received with donor stipulations that limit the use of the donated funds for a particular purpose or for a specific period of time, they are reported as temporarily restricted. When the stipulated time restriction ends or the purpose of the restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions and grants that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. The Organization is exempt from the payment of taxes on income other than net unrelated business income. No provision for federal or state income taxes is required as of December 31, 2017, for net unrelated business income.

NATIONAL CENTER FOR RESEARCH IN ADVANCED INFORMATION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting for Uncertain Tax Positions

The Organization requires that a tax position be recognized or derecognized based on a “more-likely-than-not” threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include, or reflect, any uncertain tax positions. The Organization’s Form 990 is generally subject to examination by the taxing authorities for three years after filing.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Prior Year Information

The financial statements include certain prior year summarized comparative totals as of and for the year ended December 31, 2016. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Reclassifications

Certain 2016 financial statements amounts have been reclassified for comparative purposes.

3. CONCENTRATIONS

The Organization maintains cash balances at financial institutions in the Washington, D.C., metropolitan area. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times during the year, the Organization’s cash balance exceeded the FDIC insurance amount. Management believes the risk in these situations to be minimal.

As of December 31, 2017, approximately 46% of accounts, contributions, and grants receivable were due from two donors, and approximately 71% of revenue for the year ended December 31, 2017, was from one donor.

4. FIXED ASSETS

Fixed assets consisted of the following at December 31, 2017:

Furniture	\$ 5,068
Website	994,082
	<hr/>
	999,150
Less Accumulated Depreciation and Amortization	(507,345)
	<hr/>
Fixed Assets, Net	\$ 491,805
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**NATIONAL CENTER FOR RESEARCH IN ADVANCED INFORMATION
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

5. FAIR VALUE MEASUREMENTS

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets (examples include equity securities);

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate or municipal bonds);

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs to the determination of fair value require significant management judgment (examples include certain private equity securities).

The following presents investments carried at fair value as of December 31, 2017:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit	\$ 6,916,418	\$ -	\$ 6,916,418	\$ -

6. EMPLOYEE BENEFIT PLAN

The Organization is a member of a multiple-employer 401(k) retirement plan (the Plan). Employees are eligible once they meet certain age and service requirements. For the year ended December 31, 2017, the Organization made 3% non-elective safe harbor contributions to the Plan on behalf of its employees of approximately \$113,000, which is included in payroll taxes and benefits in the accompanying statement of functional expenses.

7. CONTINGENCY FOR FEDERAL AWARD INCOME

The Organization receives revenues from federal government grants, contracts, and sub-awards, and recognizes federal award income as amounts are earned. The ultimate determination of amounts received under these programs is generally based upon allowable costs, which are subject to audit. Management believes that adjustments, if any, arising from such audits, will not have a material effect on the financial statements.

8. BOARD DESIGNATED NET ASSETS

In 2014, the Organization's Board of Directors adopted a policy of setting aside as a reserve fund, 10% of unrestricted net assets. As of December 31, 2017, approximately \$236,000 has been designated for this purpose.

**NATIONAL CENTER FOR RESEARCH IN ADVANCED INFORMATION
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

9. RELATED PARTY TRANSACTIONS

The Organization has agreements with a related party, Digital Promise Global (DPG), to provide administrative and other services and to purchase required consulting services. The Organization charged DPG approximately \$1,436,000 for administrative and other services and paid DPG approximately \$653,000 for consulting services rendered during the year ended December 31, 2017, under these agreements.

10. COMMITMENTS

The Organization has entered into agreements with parties to make conditional site payment grants in 2018 totaling approximately \$1,900,000 so long as the conditions are satisfied. The conditions state that the parties must be in compliance with the research program.

11. IN-KIND CONTRIBUTIONS

The Organization received tablets valued at approximately \$10,405,000 and data plan services valued at approximately \$19,067,000 pursuant to a grant under its Verizon Innovative Learning Schools program in the year ended December 31, 2017.

The Organization received donated legal and other professional services valued at approximately \$570,000 for the year ended December 31, 2017. Such amounts are recognized as in-kind contributions and have been allocated among General Programs (\$368,000); Research and Markets (\$15,000); Educator Micro-credentials (\$95,000); and General and Administrative (\$92,000) expenses.

12. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes as of December 31, 2017:

League of Innovative Schools	\$ 216,296
Adult Learning	175,000
Research and Markets	3,961,952
Educator Micro-credentials	713,563
Maker Learning	411,190
Education Innovation Clusters	319,911
Other	95,830
Time Restricted	<u>295,000</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 6,188,742</u></u>

**NATIONAL CENTER FOR RESEARCH IN ADVANCED INFORMATION
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

12. TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Amounts released from temporarily restricted net assets during the year ended December 31, 2017, were:

League of Innovative Schools	\$ 443,685
Adult Learning	225,000
Research and Markets	4,766,993
Educator Micro-credentials	1,231,179
Maker Learning	796,668
Education Innovation Clusters	509,662
Time Restricted	202,500
Other	5,171
Total Amounts Released from Restrictions	<u>\$ 8,180,858</u>

13. OPERATING LEASES

In 2015, the Organization entered into a non-cancelable lease for office space through July 31, 2018. The lease provides for annual rent escalations, the payment of operating expenses, and a period of free rent. The difference between the total rent recognized evenly over the lease term and the cash payments required under the lease has been accounted for as deferred rent in the accompanying statement of financial position.

In November 2017, the Organization signed an amendment with the landlord for other office space in the same building. The amendment extends for 70 months starting February 2018, when the Organization relocated to the new space. This amendment also provides for annual rent escalations, the payment of operating expenses, and a period of free rent.

Future minimum lease payments under the lease and amendment are as follows:

For the Years Ending December 31,

2018	\$ 117,368
2019	143,334
2020	176,810
2021	181,672
2022	186,668
2023	175,782
Total	<u>\$ 981,634</u>

14. SUBSEQUENT EVENTS

Subsequent events were evaluated through June 21, 2018, which is the date the financial statements were available to be issued.